

QUARTERLY REPORT



MOUNT GIBSON IRON LIMITED REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2024 24 October 2024

- **Iron ore sales of 0.6 million wet metric tonnes (Mwmt)** at an average grade of 63.7% Fe for **ore sales revenue of \$61 million** Free on Board (FOB). As foreshadowed, shipping volumes and grades were temporarily lower in the September quarter while the Main Pit haul ramp was reconfigured. Shipping rates have since increased and shipped ore grades have returned to 65% Fe, in line with plan.
- **Finalisation of the business interruption component** of the insurance claim relating to the August 2022 processing plant fire, with final proceeds of **\$27 million** received.
- **Koolan Island cash operating costs of \$99/wmt sold FOB** before capitalised mining costs (predominantly haul ramp reconfiguration) of \$18 million, capital projects of \$4 million and royalties of \$6 million, tracking to achieve FY25 guidance of \$95-100/wmt FOB.
- **Cashflow of \$5 million** for the quarter, reflecting the net impacts of weaker iron ore prices, temporarily reduced shipping volumes and grades, and insurance claim proceeds received.
- **Group cash and investment reserves of \$412 million** at 30 September 2024, excluding the Company's \$22 million share and option holdings in Fenix Resources Limited, compared to \$442 million at the end of the previous quarter, with the movement reflecting working capital flows. Mount Gibson's total cash and investment reserves equate to approximately \$0.36 per share.
- **Commencement of an on-market share buyback** for up to 5% of the Company's issued shares.

Note: All currency is stated in Australian dollars unless noted otherwise. Results are unaudited.

Comment

"Mount Gibson Chief Executive Officer Peter Kerr said: "Mount Gibson achieved solid progress during the September quarter to reconfigure the Main Pit haul ramp at Koolan Island and set up operations from the eastern end of the pit. As expected, shipments were consequently lower during the quarter and the Company remains on track to achieve its FY25 sales guidance of 2.7–3.0 Mwmt. The reconfigured haul ramp and new tertiary crushing circuit were commissioned in the quarter, enabling ore production to rise and ore grades to return to the targeted level of 65% Fe by the end of the period."

"At prevailing market prices, the Company continues to anticipate positive cashflow generation over the 2024/25 financial year. With healthy cash and investment reserves and a value-accretive on-market share buyback underway, Mount Gibson is focused on maximising production and cashflows from the high grade Koolan Island operation over its remaining 2-3 year mine life whilst targeting new strategic investment opportunities."

SUMMARY STATISTICS

	Unit	Sep-23 Quarter	Dec-23 Quarter	Mar-24 Quarter	Jun-24 Quarter	Sep-24 Quarter	YTD FY25
Waste mined (incl. rehandle)	kwmt	692	736	425	339	2,129	<i>2,129</i>
Ore mined	kwmt	1,046	904	1,081	716	454	<i>454</i>
Total material moved	kwmt	1,738	1,640	1,506	1,055	2,583	<i>2,583</i>
Strip ratio	Waste:Ore	0.7	0.8	0.4	0.5	4.7	<i>4.7</i>
Processing throughput	kwmt	1,198	1,096	878	869	380	<i>380</i>
Fines ore sales	kwmt	1,331	1,113	711	872	559	<i>559</i>
Lump ore sales	kwmt	-	81	-	-	-	<i>-</i>
Total iron ore sales	kwmt	1,331	1,193	711	872	559	<i>559</i>
Average grade of iron ore sold	% Fe	65.5	65.3	65.4	65.2	63.7	<i>63.7</i>
Platts 62% Fe CFR price, average	US\$/dmt	114	128	124	112	100	<i>100</i>
Platts 65% Fe CFR price, average	US\$/dmt	125	139	136	126	114	<i>114</i>
Koolan fines FOB price, pre adjustment	US\$/dmt	105	109	123	103	81	<i>81</i>
Provisional pricing adjustments*	US\$/dmt	-	19	1	(22)	(7)	<i>(7)</i>
Koolan fines FOB price, after adjustment	US\$/dmt	105	128	124	81	74	<i>74</i>

Minor discrepancies may occur due to rounding.

kwmt = thousand wet metric tonnes.

US\$/dmt = USD per dry metric tonne.

CFR = cost and shipping freight included; FOB = free on board (i.e. shipping freight deducted).

* Koolan iron ore prices are shown on a FOB basis after shipping freight and specification penalties. Provisional pricing adjustments reflect realised (in-period) adjustments and, for half-year and annual reporting periods, estimates (if material) of unrealised adjustments for those shipment cargoes with future pricing periods, based on post-balance date observed prices.

Final pricing ultimately reflects monthly iron ore price averages up to two months after the shipment date.

For the purpose of wet to dry tonnage conversion, moisture content typically averages ~3% for Koolan Island iron ore products.

OPERATIONS

Safety

Safety is a key behavioural value for Mount Gibson with continued improvements having been achieved by the site operating teams over the last two years. The Lost Time Injury Frequency Rate remained at zero incidents per one million manhours worked as at 30 September 2024 (rolling 12 months basis), and the rolling 12-month Total Recordable Injury Frequency Rate¹ declined further to 2.9 incidents per one million manhours worked, compared with 4.4 at the end of June 2024. These results are favourable when compared with applicable industry standards, and Mount Gibson strives for further improvements.

Koolan Island

Mining

Mining during the September quarter focused on activities required for the successful transition of production from the completed western half of the Main Pit to the eastern half which will be the primary source of high grade ore for the remaining 2-3 year life of the operation. The western portion of the pit reached a planned final depth of approximately 170 metres below sea (mean tide) level in June 2024, with this area now established as a water collection sump to assist in efficient groundwater management activities.

Mining in the quarter involved reconfiguration of the primary in-pit haul ramp through construction of a new switchback in the centre of the pit, as well as the commencement of extraction of the former eastern haul ramp. This latter work is necessary to widen the eastern half of the pit to provide future access to the lower

¹ Mount Gibson's definition of the Total Recordable Injury Frequency Rate (TRIFR) includes Lost Time Injuries, Restricted Work Injuries and Medically Treated Injuries. Using TRIFR provides a useful tool for safety conversations and active communication with the entire workforce to help prevent injury to Mount Gibson's personnel in their workplaces.

levels of the high grade orebody. Removal of the former eastern haul ramp is scheduled to be completed progressively through the 2024/25 financial year.



Figure 1: Koolan Island Main pit, looking east over the completed western end, showing the new central switchback and mine haul ramp, and the western water management sump, September 2024.



Figure 2: Koolan Island Main pit, eastern half, showing excavation of the former eastern mine haul ramp (underway at centre) and high grade ore mining along the footwall (right hand side), September 2024.

Concurrent with the ramp reconfiguration work, ore extraction in the September quarter was reduced as expected, totalling approximately 0.5 Mwmt from the upper benches in the eastern end of the Main Pit, compared with 0.7 Mwmt in the preceding quarter. Total material movement (waste and ore) increased substantially to just over 2.6 Mwmt from 1.1 Mwmt in the prior quarter, resulting in a temporary increase in the waste-to-ore strip ratio to 4.7:1, from 0.5:1 in the previous quarter. While the strip ratio will vary in line with waste extraction cycles in the Main Pit, it is expected to steadily reduce through the current financial year and average less than 2:1 for the remaining mine life.

Parallel with mining activities, ground support remediation work also progressed as scheduled in the central footwall area impacted by the August 2023 rock fall. This work involves a program of on-wall anchor drilling, grouting and installation of protective mesh and a safety barrier fence. The work is necessary for safe access to the high grade ore zones directly beneath this area. The on-wall drilling program is now 50% complete and is anticipated to be finished in mid-2025 assuming no major disruptions in the coming northern Australian wet season months.

At the start of the September quarter, the eastern pit floor was approximately 130 metres below sea (mean tide) level and is planned to reach an ultimate final depth of approximately 210 metres below sea level by late 2026.

Processing

Processing was generally aligned with ore extraction from the Main Pit, totalling 0.4 Mwmt. The tertiary crushing circuit was successfully commissioned, reducing rehandling requirements and enabling more efficient and cost-effective processing of harder material sourced from eastern sections of the Main Pit orebody. Contract crushing personnel and equipment were demobilised in the quarter.

Shipping

The Company completed seven Kamsarmax shipments totalling approximately 0.6 Mwmt in the quarter, at an average shipped grade of 63.7% Fe, reflecting product blending activities undertaken to maintain shipping volumes while in-pit haul ramp reconfiguration works were completed. Shipped grades have since returned to run-of-mine levels of around 65% Fe.

Cashflow and operating costs

Koolan Island's cashflow for the September quarter totalled \$5 million, comprising a cash outflow from operations of \$22 million while the Main Pit haul ramp reconfiguration works were undertaken and shipment volumes and grades were temporarily reduced, and the receipt of the final \$27 million insurance proceeds relating to the business interruption component of the August 2022 processing plant fire.

Ore sales revenue totalled \$61 million (after realised adverse provisional pricing adjustments of \$6 million) and key expenditures comprised cash operating costs of \$55 million (equating to \$99/wmt sold), capitalised mining costs for the haul ramp reconfiguration and other in-pit works of \$18 million, capital projects of \$4 million (including the footwall remediation ground support works) and royalties of \$6 million.

Further comments regarding revenue and realised pricing are contained in the Corporate section of this report.

Mineral Resources and Ore Reserves

Mount Gibson released its annual statement of Mineral Resources and Ore Reserves as at 30 June 2024 during the quarter. The statement confirmed remaining Ore Reserves at Koolan Island of 7.2 million dry metric tonnes (**Mdmt**) grading 65.1% Fe, within total Mineral Resources of 19.1 Mdmt grading 62.8% Fe. All Ore Reserves are contained within the Main Deposit. All Mineral Resources are located at Koolan Island, comprising the Main Deposit and the Mangrove and Acacia East satellite deposits. For more information refer to the Company's ASX announcement dated 9 September 2024.

Insurance

As previously indicated, Mount Gibson accepted and received insurance proceeds totalling just over \$27 million in the quarter to finalise the business interruption component of its claim arising from the August 2022 processing plant fire incident at Koolan Island. This is in addition to the \$10 million in insurance proceeds received during prior periods for the property damage component of that claim.

Business Development and Exploration

The focus of work during the quarter was on key operational matters at Koolan Island to ensure the Main Pit is appropriately set up for safe extraction of the remaining Ore Reserve. The Company's key operational objectives are to safely maximise production and cashflow generation over the remaining mine life such that Mount Gibson is positioned to pursue material acquisition opportunities.

Mount Gibson continues to examine and invest in opportunities within the bulk materials (iron ore, steel-making coal and bauxite) and base metals (copper, lead, zinc) sectors, focused in Australia. Equity positions are held in a number of junior resources companies where it is considered that future financing and strategic opportunities may arise. The market value of these holdings totalled approximately \$17 million at 30 September 2024. These holdings are in addition to the Company's investment in Mid-West iron ore producer Fenix Resources Limited, which was increased from 8.6% to 10.06% in the quarter through the exercise of 12.5 million 25 cent options at a cost of \$3.1 million. Mount Gibson retains a further 12.5 million Fenix options exercisable at 30 cents each at any time up until July 2028.

The Company also continues to assess regional exploration opportunities for base metals deposits particularly in Western Australia and Queensland. Minimal field work was undertaken on the Company's Mid-West exploration tenements with activity focused on data reviews to assist planning for future work and new project generation. Negotiations also continued for potential farm-in and joint venture arrangements for prospective exploration projects.

CORPORATE

Realised Pricing and Revenue

Iron ore prices weakened substantially during the September quarter, with the benchmark Platts 62% Fe CFR fines price (including shipping freight) averaging US\$100/dmt, down 11% from the preceding quarter. The price briefly dipped below US\$90/dmt late in the quarter before staging a rapid recovery to US\$108/dmt on the final day of the quarter after Chinese Government announcements of various supportive economic measures. The price has weakened since that time and is currently trading around US\$100/dmt.

Importantly for Mount Gibson, the Platts CFR fines price for high grade 65% Fe fines continues to trade at a healthy premium to the benchmark 62% Fe price. During the quarter the 65% Fe CFR fines price averaged US\$114/dmt compared with US\$126/dmt in the prior quarter, with the grade-adjusted premium increasing to 9%, up from 8% previously. The 65% Fe fines price is currently trading around US\$115/dmt.

Falling US interest rates saw the Australian dollar strengthen slightly to average A\$1.00/US\$0.670 in the quarter compared with US\$0.659 in the prior quarter.

Shipping freight rates for Panamax/Kamsarmax vessel journeys from Koolan Island to China averaged approximately US\$13-14/tonne in the September quarter.

Sales from Koolan Island are made under long term offtake agreements on FOB terms, with pricing referencing high-grade (65% Fe) market indices and Panamax shipping freight rates, specification adjustments and penalties for impurities. Provisional prices reflect pricing averages prior to shipment departure, with the final pricing ultimately reflecting monthly iron ore price averages up to two months after shipment. For shipments which remain subject to provisional pricing adjustments in half-year and annual reporting periods, accrual estimates are recorded based on post-balance date observed prices, with adjustments made in subsequent periods once final prices are ascertained.

Ore sales revenue totalled \$61 million FOB for the quarter, after deduction of adverse provisional pricing adjustments of \$6 million which reflected weakened iron ore prices between the provisional invoices prepared at the time of shipment departure and the final pricing period. Accordingly, the average realised fines price for the quarter was US\$74/dmt FOB.

Group Cashflow and Cash Position

The Group's cashflow for the September quarter totalled \$5 million, comprising \$5 million from Koolan Island as noted above, plus interest and other minor income of \$5 million, less corporate, administration and exploration costs totalling \$5 million. As noted earlier, a further \$3.1 million was used to exercise one tranche of the equity options held in Fenix, with this value now captured separately in the Company's investment holdings.

After quarterly working capital movements reflecting the timing of sales receipts and payment of creditors, in particular a shipment which departed at quarter end (with sale proceeds received in early October), the Company's cash and investments balance was \$412 million at 30 September 2024 excluding the share and option holdings in Fenix with a market value at quarter end of approximately \$22 million. This total cash and investment backing of \$434 million, including the Fenix interest, equates to approximately \$0.36 per share.

Commodity and Foreign Exchange Hedging

With iron ore prices rebounding late in the quarter, Mount Gibson took the opportunity to add to its hedge book and protect prices for one shipment per month over the period October 2024 to March 2025. These contracts cover 80,000 tonnes per month (total of 480,000 tonnes) at a basis of 62% Fe CFR fines, with half being fixed at A\$156/tonne and the other half hedged via collar contracts at a floor price of US\$105/tonne and a cap price of US\$116/tonne. In addition, the Company holds various foreign exchange forward and collar contracts covering the conversion of US\$18 million into Australian dollars in the December 2024 quarter.

FY25 Shipping and Cost Guidance

As previously reported, iron ore sales of 2.7-3.0 Mwmt are targeted for FY25, at a unit cash operating cost of \$95-100/wmt before royalties. This reflects the works to reposition the haul ramp in the September 2024 quarter and footwall remediation ground support activities, which are necessary for mining and shipping rates to increase through the remainder of FY25 and following years.

On-market Share Buyback

An on-market share buyback of up to 5% of the Company's issued shares was commenced in mid-September 2024 as part of the Company's capital management strategy. As of 23 October, a total of 3.5 million shares have been bought back under the program at an average price of \$0.317 per share.

FY24 Financial Results

Mount Gibson released its FY24 financial results on 21 August 2024, reporting a profit before tax and impairments of \$211.6 million, double the prior year. After non-cash impairment expenses totalling \$159.1 million and tax expenses of \$46.0 million including the accounting derecognition of deferred tax assets, net profit after tax was \$6.4 million, compared with \$5.2 million in the prior financial year. The non-cash impairments effectively bring forward depreciation and amortisation charges that would otherwise be incurred in future years.

Annual Report and Annual General Meeting

The Company published its 2024 Annual Report on 18 October 2024.

A hybrid Annual General Meeting (**AGM**) will be held on 20 November 2024. Information explaining how shareholders may access, vote and ask questions at the meeting is provided in the Company's Notice of AGM also released to the ASX on 18 October 2024.

Authorised by:

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Mount Gibson will host an analysts/institutions teleconference at **11.30am AEDT (8.30am AWST) today, Thursday 24 October 2024**. Investors will be able to listen to the teleconference by dialling **1800 896 323** immediately prior to the scheduled start time and entering the access code **76122632#** at the prompts. A recording of the teleconference will be available via the Mount Gibson website after completion of the teleconference. In case of difficulties, operator assistance can be reached on +61 2 8088 0900.

Competent Person Statements

Mineral Resources:

The information in this report relating to Mineral Resources is based on information compiled by Ms Elizabeth Haren, a Competent Person who is a Fellow and Chartered Professional of the Australasian Institute of Mining and Metallurgy and member of the Australian Institute of Geoscientists. Ms Haren is employed by Haren Consulting and is a consultant to Mount Gibson Iron Limited. Ms Haren has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ms Haren consents to the inclusion in this report of the matters based on her information in the form and context in which it appears.

Ore Reserves:

The information in this report relating to Ore Reserves is based on information compiled by Mr Brett Morey, a member of the Australasian Institute of Mining and Metallurgy. Mr Morey is a full-time employee of Mount Gibson Iron Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Morey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.